ISSUES ARISING REPORT FOR
Upton Parish Council (Northampton)
Audit for the year ended 31 March 2016

BDO

The following issue(s) have resulted in the annual return being qualified. They indicate a weakness in the council's procedures and require the council to take immediate action.

Risk Assessment

What is the issue?

The smaller authority has not carried out a risk assessment as part of its review of the effectiveness of internal control during the year but has stated this in its annual governance statement.

Why has this issue been raised?

This is a breach of regulation 4 of the Accounts and Audit Regulations 2015 which requires smaller authorities to review the effectiveness of internal control which includes arrangements for the management of risk.

What do we recommend you do?

The smaller authority must ensure that a risk assessment is carried out as part of its review of the effectiveness of internal control before the end of the financial year. This review of effectiveness of internal control and risk assessment must be reviewed and minuted as evidence of the review being undertaken annually before the end of the financial year. The review should be noted in the minutes and any adoption should be resolved by the smaller authority.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC

Governance concerns

What is the issue?

The Council have admitted to the lack of governance by the numerous no answers to the annual governance statement.

Why has this issue been raised?

This lack of governance over the operation of the council has occurred as the books and records were not kept up to date, bank reconciliations were not undertaken regularly during the year, there was no budget monitoring during the year, there was no clerk in place for a period of time during the year so the council cannoot state that all steps were taken to ensure that there was no non-compliance with laws and regulations, the website was not established by the year end so the period of electors rights could not be complied with and there was no internal audit undertaken during the year.

We are also aware that an outstanding cheque for £262 has not beein included within box 6 other payments or reflected in Box 7 reserves and box 8 bank balance.

What do we recommend you do?

In order to comply with the Accounts and audit Regulations 2015 procedures should be implemented as soon as possible to ensure that the council operates within the regulations and that proper practices are also followed.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in Wales - A Practitioners Guide, OVW/SLCC

The following issue(s) have been raised to assist the council. The council is recommended to take action on the following issue(s) to ensure that the council acts within its statutory and regulatory framework.

Precept request

What is the issue?

Although a precept was set by the due date and a budget was prepared the smaller authority did not minute, as evidence, the actual amount of the precept requested from the billing authority.

Why has this issue been raised?

The smaller authority could be criticised as it may have contravened Para 50(1) of the Local Government Finance Act 1992 which states that every smaller authority must make calculations to decide upon a precept figure, as it has no evidence that it did prepare and accept a budget.

What do we recommend you do?

The smaller authority must ensure the review and acceptance of the budget is minuted and the amount of precept requested from the billing authority is clearly minuted, as the minutes are the lawful record of the events of the its meetings.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC

Budget

What is the issue?

Although a budget was prepared and approved the precept figure requested did not agree to the budget prepared for 2016/17.

Why has this issue been raised?

The smaller authority may have contravened Para 50(1) of the Local Government Finance Act 1992 which states that every smaller authority must make calculations to decide upon a precept figure. The smaller authority must assess the expected income and anticipated expenditure. Then the reserves must be taken into consideration and the resulting difference from these figures must be the precept requested. This did not happen this year as the estimated income and expenditure did not agree to the actual precept requested by the smaller authority.

What do we recommend you do?

A detailed budget must be established to support the precept requested. The smaller authority has the duty to produce a budget, which summarised anticipated income and expeniture and takes reserves into consideration. This budget must then support the resulting precept requested.

Further guidance on this matter can be obtained from the following source(s):

The Local Government Finance Act 1992.

Budget

What is the issue?

An asset register should be in existence to help ensure that the recorded value of assets and investments is, as far as possible, accurate and to ensure the smaller authority is safeguarding its assets. The accuracy of such a register should be verified by the Internal Auditor in their annual review of the internal controls of the smaller authority.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners Guide, NALC/SLCC
Audit Briefing, Spring 2011 - BDO LLP

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 20 September 2016

Although a precept was set by the due date and the smaller authority did prepare a budget to support this the budget did not take into consideration the income due to be received or the level of reserves held by the smaller authority.

Why has this issue been raised?

The smaller authority may have contravened Para 50(1) of the Local Government Finance Act 1992 which states that every smaller authority must make calculations to decide upon a precept figure.

What do we recommend you do?

The smaller authority must ensure in future years that an adequate budget is prepared to support its decision making process and to assist the financial management during the financial year. Consideration of the income due to be received and the level of reserves held should be made.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC

Budgetary Process

What is the issue?

Although a precept was set by the due date and a budget was prepared the smaller authority did not undertake adequate budget monitoring during the financial year.

Why has this issue been raised?

The smaller authority has potentially demonstrated a lack of financial control over the spending and receipt of public money and were exposed to the risk of overspending.

What do we recommend you do?

The smaller authority must regularly review, and ensure this review of the budget against the actual income and expenditure is minuted. We recommend that the smaller authority monitors the budget at least quarterly or more frequently if required. The amount of budget monitoring undertaken during the year will depend upon the size of the smaller authority and the complexity of its finances.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England 2014 - A Practitioners Guide, NALC/SLCC

Asset Register

What is the issue?

The smaller authority does not have an asset register.

Why has this issue been raised?

The smaller authority is at risk of not safeguarding its assets.

What do we recommend you do?

In line with Proper Practies the smaller authority must compile an asset register as soon as possible or in any event before the end of the current financial year. This register should be verified by the internal auditor during the audit for the next financial year.

Accounts and Audit Regulations 2015
The Good Councillors Guide

Introduction

The following matters have been raised to draw items to the attention of Upton Parish Council (Northampton). These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2016. This report must be presented to a full meeting of the smaller authority for review.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

- Precept request
- Budget
- Budget
- Budgetary Process
- Asset Register
- Risk Assessment
- Governance concerns